

Asset Management

1. MCL 247.659a(7): "Beginning October 1, 2003, the department, each county road commission, and each city and village of this state shall annually prepare and publish REPORT TO THE TRANSPORTATION ASSET MANAGEMENT COUNCIL a multiyear program, based on long-range plans, and developed through the use of the asset management process described in this section. Projects contained in each local road agency's annual multiyear program shall be consistent with the goals and objectives of the local road agency's long-range plan ASSET MANAGEMENT PLAN. A project, funded in whole or part, with state or federal funds, shall be included in any local road agency's multiyear plan. PROJECTS SHALL BE REPORTED CONSISTENT WITH THE CATEGORIES ESTABLISHED BY THE TRANSPORTATION ASSET MANGEMENT COUNCIL."

2. MCL 247.651g: "The department TRANSPORTATION ASSET MANAGEMENT COUNCIL in conjunction with THE DEPARTMENT, counties and municipalities shall develop and implement a pavement management system for each mile of roadway on the national highway system FEDERAL-AID ELIGIBLE SYSTEM in Michigan. This pavement management system shall attempt to ensure that a disproportionate share of pavement shall not become due for replacement or major repair at the same time. THE TRANSPORTATION ASSET MANAGEMENT COUNCIL SHALL PROVIDE ROAD AGENCIES WITH THE TRAINING NEEDED TO UTILIZE THE PAVEMENT MANAGEMENT SYSTEM DEVELOPED IN ACCORDANCE WITH THIS SECTION."

ASSET MANAGEMENT: A DIFFERENT WAY OF DOING BUSINESS

**Report to House
Transportation Committee
June 7, 2007**

What is Transportation Asset Management?

"An ongoing process of maintaining, upgrading, and operating physical assets cost effectively, based on a continuous physical inventory and condition assessment"

Source: Act 499 of the Public Acts of 2002

Goals of Asset Management

- Build, preserve, and operate assets cost-effectively with improved performance
- Deliver to customers the best value for the dollars spent
- Enhance credibility and accountability

Asset Management Process

- Conduct periodic system condition inventories
- Identify needs
- Establish strategic goals and objectives, and performance measures
- Evaluate investment scenarios
- Develop and implement a multi-year investment program
- Monitor performance

Value Of Capital Preventive Maintenance

- Heart of an asset management program
- With scarce funds, agencies need to optimize the performance of their existing systems
- Establish adequate and dedicated funding for capital preventive maintenance
- Experience shows that deferring preservation for 1 year can cost a pavement 5-6 years of service life

Transportation Asset Management Council

- 11 Member Council
- Annual Reporting
State Transportation Commission
Legislature
- Current Condition
- Multi-Year Road Program
- Multi-Year Bridge Program

Four Objectives

- 1) Surveying and reporting the condition of roads and bridges by functional classification categories for the State and Regional planning areas,
- 2) Assessing completed and planned investments in roads and bridges by the various transportation agencies of the state,
- 3) Supporting the development of appropriate asset management tools and procedures, and
- 4) Providing education and training on the benefits of developing road improvement programs through the use of asset management principles and procedures.

Growth in Asset Management

- 2003: 99 agencies had pavement management systems
- 2007: 260 agencies have pavement management systems
- 2006: Legislature passed Act 338
 - Flexibility in use of funds for cities/villages that have an asset management process in place
 - 9 cities currently have approved plans
 - Two dozen more are in the process

Examples of Agencies Using Asset Management

- City of Marquette
- City of Ionia
- Three Rivers
- Madison Heights
- Lansing
- Romulus
- Gladstone
- Livonia
- Westland
- Kent County Road Commission
- Calhoun County Road Commission
- Cass County Road Commission
- Alcona County Road Commission
- MDOT

How Can Asset Management Help An Agency?

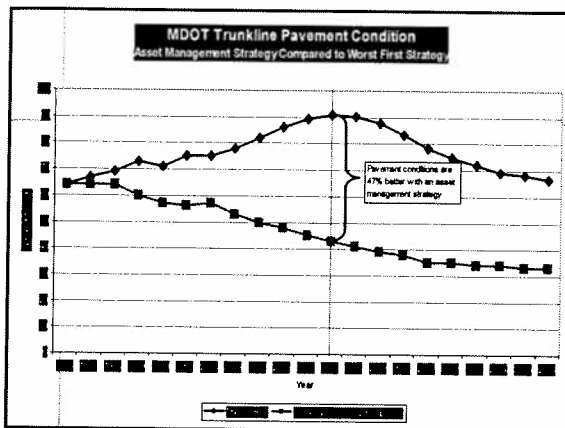
- Lower long-term preservation costs
- Improve service to customers
- Improve cost-effectiveness and use of available resources
- Improve credibility and accountability for decision-making
- Improve communication with elected officials
- Increase flexibility in use of Act 51 funds

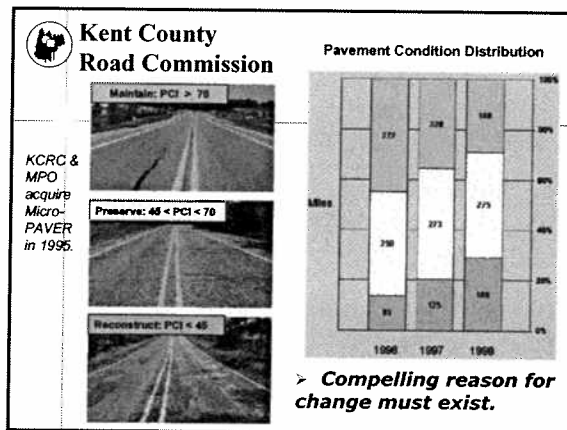
City of Ionia Strategy...

- Standards made for the Asset:
 - 90% of the roads within the City of Ionia shall be rated at a PASER [5] or higher by July 1, 2006.
 - 90% of water mains within the City of Ionia shall be less than 50 years old by July 1, 2007.
 - 90% of the sanitary sewer mains within the City of Ionia shall be less than 50 years of age by July 1, 2007.
 - 100% of the fire hydrants shall be inspected annually.

Calhoun County Road Commission

- *"The asset and ability to explain conditions safety problems with a broad range of factors means there is a greater likelihood of relating needs and problems to a wider audience of the public."*





Kent County Road Commission

New approach needed

- more system based thinking.
- forecasting capability.

Asset Management makes sense...

.....it's just good planning

- planning is not about decisions made in the future, but rather the future of decisions made today.

Need answers to new questions...

- What is the current condition of the system?
- Are conditions getting worse or better?
- What will it cost to improve the system?
- What are the trade-offs and consequences?

➤ **Champion is needed to lead and manage change.**



Kent County Road Commission

- *Buy-in is required from top leadership groups*



1. **Professional / Technical**
 - quantify need for change with reliable data
 - demonstrate analysis and forecasting capabilities
 - provide alternatives not predetermined solutions
2. **Administrative**
 - show affects of previous investment strategies
 - demonstrate alternative investment scenarios
3. **Political**
 - opportunity for input on alternatives
 - demonstrates vision to constituents
 - guides budget and project selection



Kent County Road Commission

- *Vision and Strategy must be clearly and specifically defined.*

Vision: What do we want to achieve?

Surface Condition	- 70% "good" condition and less than 5% "poor" condition by 2016
All-Season Routes	- increase "all-season" network by 24 miles
Congestion	- decrease "congested" roads by 26 miles
Intersection Safety	- eliminate backlog of capacity deficient intersections
Bridges	- maintain number of "structurally" deficient bridges at zero



Kent County Road Commission

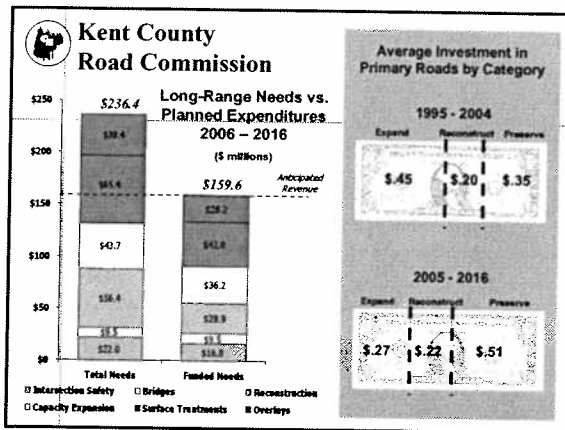
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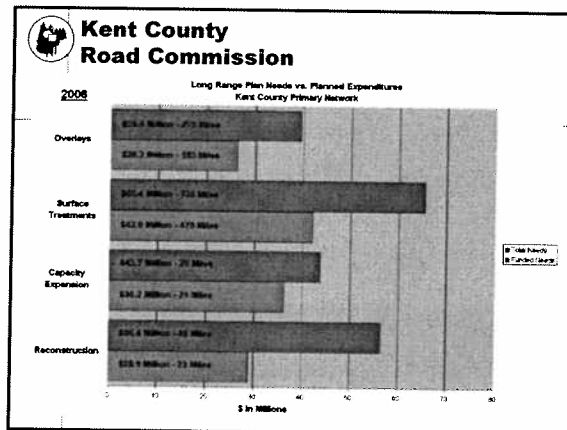
Strategy: How we are going to achieve our vision?

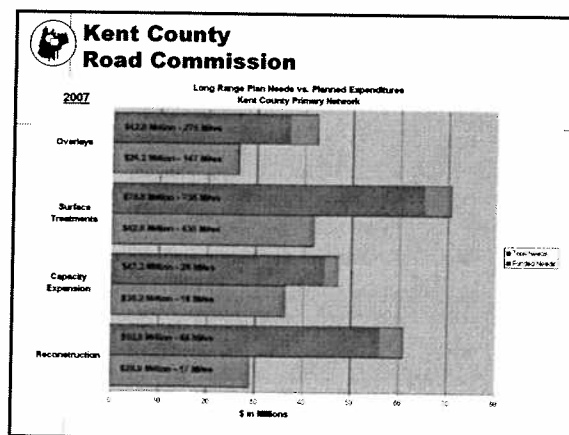
Surface condition	\$ 68.2 million
All Season	\$ 28.9 million
Capacity	\$ 36.2 million
Intersections	\$ 16.8 million
Bridges	\$ 9.5 million

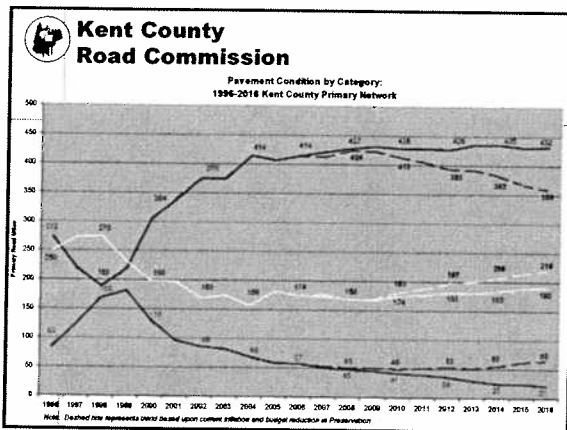


- ❖ *Provides specific guidance to the Five-Year Improvement Program and Annual Budget.*









What's Different?

OLD PROCESS

- ✓ Competitive
- ✓ Multiple Data Collection Methods
- ✓ Many Rating Systems
- ✓ Data Stovepipes
- ✓ Needs Studies
- ✓ Jurisdiction based

NEW PROCESS

- ✓ Cooperative
- ✓ Single Data Collection Method
- ✓ Single Rating System
- ✓ Integrated Data Storage
- ✓ Continuous assessment
- ✓ Function of Road

Bottom Line

- "Keeping good roads good costs less than fixing bad ones."
